



## COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT  
CITY OF SAN DIEGO

### MEMORANDUM

DATE: October 27, 2009

TO: Jay Goldstone

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Response to October 27 Memorandum

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Thank you for your input on our proposal to save at least \$63 million to the General Fund over the next five years by shelving the proposed new Downtown Library.

#### Petco Park Debt Service

As you correctly note, this office is not only concerned about the deficit for the current fiscal year, but the deficits projected by your own office in each of the next five fiscal years. Accordingly, our proposal has been to allocate \$22.6 million of CCDC funds to Petco Park debt service over FY 2014 and FY 2015.

The ability for the city to use these funds in this manner is irrefutable – and merely extends a policy your own office has supported for an additional two years.

#### Convention Center

You assert that CCDC has had no involvement in the Convention Center. The record is clear that CCDC has financed a number of infrastructure improvements that benefit the Convention Center and its business line. In addition, CCDC has used the economic activity of the Convention Center as a key element in a myriad of approved and anticipated redevelopment projects.

You may also be aware of the Mayor's Task Force on the Convention Center expansion – which has also explored using CCDC for financing the Phase 3 expansion.

Our office remains convinced that the City can shift General Fund responsibility for some or all of the debt service on the Convention Center to CCDC should the new library project be shelved.

Furthermore, at no point in our memorandum do we propose using planned Library expenditures from CCDC to replace the city's operating subsidy of the facility.

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**Acceleration of CDBG Repayment**

There is an extensive and well-documented history of the city and its grantees using CDBG funds for ADA projects. Moreover, because the city funds its ADA projects on a year-to-year basis, there would be no impact to “previously funded” projects and absolutely no “supplanting” would occur. Using your flawed logic, a number of projects currently funded by CDBG monies could be deemed “supplanting.”

**Library Annual Operating Costs**

My original memorandum references an operating cost increase estimate provided by the IBA, specifically stating that the “variance in estimates suggests that either the city’s General Fund must make up the \$3.7 million difference, or the city will open a new facility it cannot afford to adequately operate.”

You note that the planned hours of operation have since been reduced from 64 hours per week to 52. This confirms that under the current proposal, the city is choosing the latter.

To summarize, your arguments fail to refute the fact that the city can realize a \$63 million General Fund benefit over the five years of your financial forecast by shelving the proposed downtown library. Furthermore, I fail to see how opening a new facility in which funding limitations force decreased operating hours can be touted as fiscally prudent.

CC: City Councilmembers  
Andrea Tevlin, Independent Budget Analyst  
Mary Lewis, Chief Financial Officer  
Nader Tirandazi, Financial Management Director